

Of the \$5,450 paid to Warren Day Care, the Windhams paid \$2,950 of the total and Sue's employer paid \$2,500 under a dependent care benefits program. In addition, Sam's earned income is \$18,500 and Sue's earned income is \$19,350. Their AGI (Form 1040A, line 21) is \$37,850 and their tax liability (Form 1040A, line 28) is \$1,723.

Scroll down to complete the blank lines in Part III in the Schedule 2.

Without closing the PDF Window, return to the lesson screen and click Check My Answer.

Part III**Dependent care benefits**

12	Enter the total amount of dependent care benefits you received for 2003. This amount should be shown in box 10 of your W-2 form(s). Do not include amounts that were reported to you as wages in box 1 of Form(s) W-2.	12	
13	Enter the amount forfeited, if any. See the instructions.	13	
14	Subtract line 13 from line 12.	14	
15	Enter the total amount of qualified expenses incurred in 2003 for the care of the qualifying person(s).	15	
16	Enter the smaller of line 14 or 15.	16	
17	Enter your earned income .	17	
18	Enter the amount shown below that applies to you. <ul style="list-style-type: none"> • If married filing jointly, enter your spouse's earned income (if your spouse was a student or was disabled, see the instructions for line 5). • If married filing separately, see the instructions for the amount to enter. • All others, enter the amount from line 17. 	18	
19	Enter the smallest of line 16, 17, or 18.	19	
20	Excluded benefits. Enter here the smaller of the following: <ul style="list-style-type: none"> • The amount from line 19 or • \$5,000 (\$2,500 if married filing separately and you were required to enter your spouse's earned income on line 18). 	20	
21	Taxable benefits. Subtract line 20 from line 14. Also, include this amount on Form 1040A, line 7. In the space to the left of line 7, enter "DCB."	21	
To claim the child and dependent care credit, complete lines 22-26 below.			
22	Enter \$3,000 (\$6,000 if two or more qualifying persons).	22	
23	Enter the amount from line 20.	23	
24	Subtract line 23 from line 22. If zero or less, stop . You cannot take the credit. Exception. If you paid 2002 expenses in 2003, see the instructions for line 9.	24	
25	Complete line 2 on the front of this schedule. Do not include in column (c) any benefits shown on line 20 above. Then, add the amounts in column (c) and enter the total here.	25	
26	Enter the smaller of line 24 or 25. Also, enter this amount on line 3 on the front of this schedule and complete lines 4-11.	26	

